



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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"To Enrich Lives Through Effective And Caring Service"

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August 16, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 August 16, 2016

LORI GLASGOW
EXECUTIVE OFFICER

**LEASE AMENDMENT
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
DEPARTMENT OF MENTAL HEALTH
20151 NORDHOFF STREET, CHATSWORTH
(THIRD DISTRICT)
(3 VOTES)**

SUBJECT

An eight-year lease amendment for approximately 73,595 square feet of office space, and 300 on-site parking spaces for the Departments of Children and Family Services and Mental Health to provide continued use of the existing facility and the relocation of the West Valley Mental Health Center.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chair to sign the eight-year amendment to the lease agreement with Nordhoff Net, LLC, for the Departments of Children and Family Services and Mental Health to continue occupancy of approximately 73,595 square feet for office space, including a new West Valley Mental Health Center, and 300 on-site parking spaces at 20151 Nordhoff Street, Chatsworth, at an initial maximum rental cost of \$2,508,156. The costs for the Department of Children and Family Services are approximately 78 percent funded by State and federal funds and 22 percent net County cost, and Mental Health is 100 percent funded from State and federal funds.

3. Authorize the Director of Internal Services, the Landlord, or the Landlord's County-approved vendor, at the direction of the Chief Executive Officer, to acquire telephone, data, and low voltage systems at a cost not to exceed \$1,400,000.

4. Authorize and direct the Chief Executive Officer to execute any other ancillary documentation necessary to effectuate the lease amendment, and authorize the Chief Executive Officer and the Directors of Children and Family Services, Mental Health and Internal Services to take actions necessary and appropriate to implement the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since June 1, 2007, the Department of Children and Family Services (DCFS) has leased 73,595 rentable square feet of office space, and 300 parking spaces at this location for the East and West San Fernando Valley regional service areas. The East San Fernando Valley portion of the program recently moved to the Zev Yaroslavsky San Fernando Family Support Center at 7555 Van Nuys Boulevard, Van Nuys.

The intent of the proposed lease amendment is to renew the existing lease by downsizing DCFS to approximately 45,000 square feet of existing built-out office space, and build-out a new West Valley Mental Health Center (Center) for the Department of Mental (DMH) in the remaining approximately 28,595 square feet.

The West San Fernando Valley regional office of DCFS provides services to families in crisis, with the primary goal of maintaining the family unit and reunifying families as quickly as possible. The program provides comprehensive, direct, full-service child protection systems of prevention, preservation, and permanency planning to ensure that children grow up safe, physically and emotionally healthy, educated, and in permanent homes. The Adoption units are responsible for assessing child adoptability, case management and supervision, and providing services involving the finalization of the adoption process. Revenue Enhancement units provide support to social workers assisting in finding placement for children that must be detained in out-of-home care. The proposed lease renewal will continue to provide the uninterrupted support of these operations, allowing for the Department's goal of reuniting families in the shortest period of time possible. The office has public intake and is in close proximity to public transportation routes.

DCFS is dedicated to the safety of children within its care and the reduction of the time-line related to permanency for children within the care of the program, and the reduction of reliance for out-of-home care. These outcomes are achieved largely through the work of Emergency Response, Family Maintenance and Reunification, and Permanent Placement Children's Social Workers, in collaboration with support staff, and staff from other departments co-located at this office.

In addition, smaller programs designed to enhance direct services to children and families are also housed within this facility. Examples include, but are not limited to, Family Group and Team Decision making, DMH/DCFS collaboration for improving mental health, and permanency outcomes for foster children, Adoption Safe Families Act staff, Department of Public Social Services' Linkages, and contracted Education Liaisons. The repositioned Chatsworth facility will house approximately 187 DCFS staff positions and services approximately 20-40 clients per day.

DMH will house approximately 79 staff positions at the Chatsworth facility, and service approximately 250 clients per week. Upon completion of the build-out of the new Center, the existing lease at 7621 Canoga Avenue, Canoga Park, will be terminated. DMH staff and counselors will also relocate from an existing lease at 6800 Owensmouth Avenue, Canoga Park.

DMH has been housed in the Canoga Park facility, approximately three miles southerly, since July, 1994, when that location was originally improved for County use. By moving from this facility, DMH will relieve overcrowded, outdated, and under parked conditions at the existing Canoga Park facility. The facility provides direct services to clients in the surrounding vicinity of Service Planning Area 2 as well as outpatient services geared toward the recovery model including treatment of co-occurring disorders, group and family therapy, vocational services, crises resolution services, as well as the Full-Service Partnership (FSP) and Field Capable Clinical Services (FCCS) programs. Although DMH and DCFS provide different services, co-location provides a facility to serve a shared client base within this service area.

Renewing the lease at the Chatsworth location provides the opportunity to maintain vital services and accommodate the existing programs in consideration of long-term strategies of the departments within Service Planning Area 2. Approval of the proposed amendment will provide DCFS the continued occupancy of the facility, while downsizing its leased footprint, and provide DMH with the opportunity to develop a more efficient and suitable Center for the uninterrupted delivery of programs and services to the affected constituency within this geographic area.

Parking for 20151 Nordhoff Street is provided in a surface lot adjacent to the facility. To achieve maximum parking capacity for both staff and clients, and eliminate the need for additional off-site parking, a valet service is provided. The facility is near public transportation routes with a bus stop near the entrance to the proposed Center.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Integrated Services Delivery (Goal 3) directs that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services. The proposed lease amendment supports this goal by providing an office, in or near the community it serves, to increase effectiveness, enhance customer service, and provide responsive services to the public. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide DCFS and DMH the uninterrupted use of approximately 73,595 square feet of office space, and 300 on-site parking spaces at an initial annual base rent of \$1,633,800, i.e., \$1.85 per square foot per month. A Tenant Improvement (TI) allowance of \$1,471,900 is included in the base rent and an additional TI allowance of \$3,679,750 is available for improvement of the premises. The annual reimbursable payments may amount to \$2,508,156, if all the additional TI allowance is expended and amortized over five years at 7 percent interest, the cost of which will be split on a pro-rata basis to the two departments.

DMH currently occupies 15,000 square feet at Canoga Avenue and will be relocating into 28,595 square feet at Nordhoff. This anticipated move will increase DMH's cost from \$321,617 annually to approximately \$900,000 annually. The increase results from the doubling of space at the cost of \$600,000 annual rent and the reimbursement of TIs totaling \$300,000 annually. As DCFS is renewing existing space with moderate improvements to be determined, and DMH will be creating a new Center within the existing facility, it is anticipated that the majority of the TI expense will be allocated to DMH. The Landlord is responsible for all operating and maintenance costs associated with the County's occupancy, less utilities, which are the responsibility of the County. Attachment B is an overview of the proposed costs in the lease amendment.

Sufficient funding for the proposed lease costs is included in the Fiscal Year (FY) 2016-17 Rent Expense budget, and will be billed back to DCFS and DMH. DCFS and DMH have sufficient funding in their FY 2016-17 operating budgets to cover the projected lease costs. The costs for DCFS are approximately 78 percent funded by State and federal funds and 22 percent net County cost, and DMH is 100 percent funded from State and federal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will provide continued use of approximately 73,595 square feet of office space, incorporating two departments, with 300 on-site parking spaces. The proposed lease amendment contains the following provisions:

- The lease amendment will be effective upon approval by the Board of Supervisors, but the term and rent will commence upon completion of the tenant improvements by the Landlord, or the Landlord's County-approved vendor, and acceptance by the County.
- A modified full-service gross lease amendment whereby the Landlord is responsible for operational and maintenance costs of the facility, and the County is responsible for the cost of utilities.
- A Base TI allowance of \$1,471,900, or \$20 per square foot, included in the base rental rate for improvement of the premises.
- A reimbursable additional TI allowance of \$3,679,750, or \$50 per square foot, which may be paid in a lump sum or amortized over five years, at an annual interest rate of 7 percent.
- All or part of the telephone, data, and low-voltage systems may be paid either in lump sum, or financed over a five-year term, with the financed portion not to exceed \$352,000 per year, in addition to other tenant improvement allowances provided under the lease.
- Furniture will be purchased through the TI allowance, or by the department through Internal Services Department Purchasing.
- A cancellation provision allowing the County to cancel at the 60th, 72nd, or 84th month anniversary of the extended lease term with 180 days prior written notice.
- Annual rental rate adjustments based upon CPI with a maximum increase of 3 percent per annum and no floor.

The Chief Executive Office (CEO) Real Estate Division staff conducted a market survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the survey area that could accommodate this requirement. Based upon a review of available industry data, staff has established that the annual rental range for similar space is between \$18 and \$35 per square foot per year on a modified-gross basis, i.e., excluding utilities. Thus, the base annual rent of \$22.20 per square foot per year modified-gross, including parking, for the proposed lease amendment represents a rate within the market range for the area. Attachment C shows County-owned or leased facilities in the proximity of the service area, and there are no suitable County-owned or leased facilities available for the program.

The proposed lease amendment will provide a central and appropriate location for both programs, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

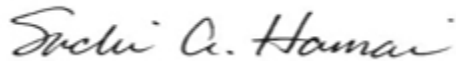
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DCFS and DMH concur with the proposed recommendations.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return three originals of the executed lease amendment, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in cursive script, reading "Sachi A. Hamai".

SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:CMM

TS:NCH:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Children and Family Services
Internal Services
Mental Health

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
DEPARTMENT OF MENTAL HEALTH
20151 NORDHOFF STREET, CHATSWORTH
Asset Management Principles Compliance Form¹**

| | | | | | |
|---|---|--|------------|-----------|------------|
| 1. | <u>Occupancy</u> | | Yes | No | N/A |
| A | Does lease consolidate administrative functions? ² | | | | X |
| B | Does lease co-locate with other functions to better serve clients? ² | | X | | |
| C | Does this lease centralize business support functions? ² | | | | X |
| D | Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio is approximately 279 square feet per person which allows for various group and community rooms as well as ancillary and administrative office space. | | | X | |
| E | Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² 300 spaces | | X | | |
| F | Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ² | | X | | |
| 2. | <u>Capital</u> | | | | |
| A | Is it a substantial net County cost (NCC) program? DCFS is 78% funded by State and federal funds and DMH is 100% funded by State and federal funds. | | | X | |
| B | Is this a long term County program? | | X | | |
| C | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy? | | | X | |
| D | If no, are there any suitable County-owned facilities available? | | | X | |
| E | If yes, why is lease being recommended over occupancy in County-owned space? | | | | X |
| F | Is Building Description Report attached as Attachment C? | | X | | |
| G | Was build-to-suit or capital project considered? The County already occupies the facility and a capital project was not considered. | | | X | |
| 3. | <u>Portfolio Management</u> | | | | |
| A | Did department utilize CEO Space Request Evaluation (SRE)? | | X | | |
| B | Was the space need justified? | | X | | |
| C | If a renewal lease, was co-location with other County departments considered? | | X | | |
| D | Why was this program not co-located? | | | | X |
| | 1. ___ The program clientele requires a "stand alone" facility. | | | | |
| | 2. ___ No suitable County occupied properties in project area. | | | | |
| | 3. ___ No County-owned facilities available for the project. | | | | |
| | 4. ___ Could not get City clearance or approval. | | | | |
| | 5. X The Program is being co-located. | | | | |
| E | Is lease a full service lease? ² Modified-gross (net utilities) as with existing lease. | | | X | |
| F | Has growth projection been considered in space request? | | X | | |
| G | Has the Dept. of Public Works completed seismic review/approval? | | X | | |
| ¹ As approved by the Board of Supervisors 11/17/98 | | | | | |
| ² If not, why not? | | | | | |

FISCAL IMPACT / FINANCING OVERVIEW OF LEASE CHANGES

| 20151 Nordhoff St., Chatsworth | Existing Lease | Proposed Lease/ First Amendment | Change |
|---|--|--|--|
| Area (square feet) | 73,595 | 73,595 | None |
| Term | (06/01/2007-01/17/2014) currently on month-to-month holdover | Eight years upon Board adoption | + 8 years |
| Annual Base Rent ⁽¹⁾ | \$1,529,047 (\$20.78/sq.ft.) | \$1,633,800 (\$22.20/sq.ft.) | +\$104,753 (+\$1.42/sq.ft.) |
| Base TI Allowance (non-reimbursable) | \$2,575,825 (\$35/sq.ft.) | \$1,471,900 (\$20.00) | +\$1,471,900 (-\$15/sq.ft.) |
| Add'l TI Allowance ⁽²⁾ (reimbursable) | \$3,679,750 (\$50/sq.ft.) | \$3,679,750 (\$50/sq.ft.) | None |
| Max Annual Rent ⁽³⁾ | \$2,197,179 (\$29.88/sq.ft.) | \$2,508,156 (\$34.08/sq.ft.) | \$310,977 (+\$4.20/sq.ft.) |
| Cancellation | County at 4 th , 5 th , 6 th year with 180 days notice | County at 5 th , 6 th , 7 th year with 180 days notice | + 1 year |
| Parking (included) | 300 spaces | 300 spaces | None |
| Option to Renew | One two-year option | None | No option |
| Rental Adjustment | Auto increases of 3 percent of Base Rent | Consumer Price Index (CPI) increases capped at 3 percent, no floor | -3 percent auto increase + CPI with 3 percent cap |

(1) County pays the utilities, which was based on fiscal year 2015-16 records costs of \$1.92/sq.ft., or \$141,350 annually.

(2) \$3,679,750 represents the maximum amount of reimbursable TI funds available for the project. If this entire amount is expended and amortized over 60 months at the rate of 7 percent, the annual TI reimbursement amount will be \$874,356 (\$0.99/\$11.88 per square foot month/annually).

(3) Amount includes annual base rent and annual reimbursement of Additional TI.

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH – 5-MILE RADIUS FROM EXISTING OFFICE**

| LACO | FACILITY NAME | ADDRESS | GROSS SQFT | NET SQFT | OWNERSHIP | SQFT AVAILABLE |
|-------|--|---|------------|----------|-----------|----------------|
| X165 | CHATSWORTH COURTHOUSE | 9425 PENFIELD AVE, CHATSWORTH 91311 | 302,435 | 182,589 | FINANCED | NONE |
| A637 | DPSS - MEDICAL (NORTHRIDGE) | 9451 CORBIN AVE, NORTHRIDGE 91324 | 57,799 | 54,909 | LEASED | NONE |
| A503 | DPSS-WEST VALLEY CALWORKS/GAIN REG II PROGRAM | 21415 PLUMMER ST, CHATSWORTH 91311 | 97,280 | 87,552 | LEASED | NONE |
| A504 | DPSS-WEST VALLEY CALWORKS/IHSS PROGRAM OFFICE | 21615 PLUMMER ST, CHATSWORTH 91311 | 67,220 | 60,498 | LEASED | NONE |
| A624 | BOS-FIELD OFFICE DISTRICT 5 | 21943 PLUMMER ST, CHATSWORTH | 2,550 | 2,423 | LEASED | NONE |
| 5872 | DHS-CANOGA PARK HEALTH CENTER (PIPP SITE) | 7107 REMMET AVE, CANOGA PARK 91303 | 5,308 | 3,094 | OWNED | NONE |
| A664 | DMH-WELLNESS CENTER | 6800 OWENSMOUTH, CANOGA PARK 91303-3159 | 5,665 | 5,382 | LEASED | NONE |
| A671 | DMH-WELLNESS CENTER | 10515 BALBOA BLVD, GRANADA HILLS 91344-6343 | 3,588 | 3,409 | LEASED | NONE |
| A671 | DMH-WELLNESS CENTER | 10515 BALBOA BLVD, GRANADA HILLS 91344-6343 | 4,403 | 4,183 | LEASED | NONE |
| A316 | SHERIFF-NORTH HILLS T.R.A.P. UNIT | 8353 N SEPULVEDA BLVD, NORTH HILLS 91343 | 1,500 | 1,500 | LEASED | NONE |
| D310 | DPSS-EAST VALLEY WS DISTRICT OFFICE | 14545 LANARK ST, PANORAMA CITY 91402 | 96,360 | 39,588 | OWNED | 39,588 |
| A213 | PH-NORTH DISTRICT HEALTH FACILITIES OFFICE | 15643 SHERMAN WAY, VAN NUYS 91406 | 3,712 | 3,600 | LEASED | NONE |
| 6359 | MID VALLEY-SAN FERNANDO VALLEY SERVICE CENTER | 7555 VAN NUYS BLVD, VAN NUYS 91405 | 17,698 | 10,623 | OWNED | NONE |
| 10005 | ZEV YAROSLAVSKY-SAN FERNANDO VALLEY SERVICE CENTER | 7555 VAN NUYS BLVD, VAN NUYS 91405 | 216,539 | 205,710 | OWNED | NONE |
| A383 | PH-SAN FERNANDO DISTRICT ENVIRONMENTAL HEALTH | 6851 LENNOX AVE, VAN NUYS 91405 | 7,537 | 7,160 | LEASED | NONE |
| F631 | PW FLOOD-SATICOY YARD BUILDING 4 OFFICE | 13444 SATICOY ST, NORTH HOLLYWOOD 91601 | 2,400 | 2,280 | OWNED | NONE |
| A491 | PROBATION-VAN NUYS AREA JUVENILE SERVICES | 14540 HAYNES ST, VAN NUYS 91411 | 13,500 | 11,475 | LEASED | NONE |
| A565 | APD - VAN NUYS OFFICE | 14553 DELANO ST, VAN NUYS 91401 | 3,878 | 3,684 | LEASED | NONE |
| 4400 | VAN NUYS COURTHOUSE - WEST | 14400 ERWIN ST MALL, VAN NUYS 91401 | 320,391 | 172,053 | FINANCED | NONE |
| 5273 | VAN NUYS COUNTY ADMINISTRATIVE CENTER BUILDING | 14340 W SYLVAN ST, VAN NUYS 91401 | 9,849 | 6,992 | OWNED | NONE |
| Y476 | VAN NUYS COURTHOUSE-BUILDING E | 6280 SYLMAR AVE, VAN NUYS 91401 | 3,373 | 1,987 | OWNED | NONE |
| A145 | CHILD SUPPORT SERVICES-DIVISION I HEADQUARTERS | 15531 VENTURA BLD, ENCINO 91436-3157 | 45,775 | 30,602 | LEASED | NONE |
| 4705 | PROBATION-EAST SAN FERNANDO VALLEY AREA OFFICE | 14414 W DELANO ST, VAN NUYS 91401 | 15,825 | 8,362 | OWNED | NONE |
| 7278 | VAN NUYS COURTHOUSE - EAST | 6230 SYLMAR AVE MALL, VAN NUYS 91401 | 180,296 | 117,198 | OWNED | NONE |
| Y442 | VAN NUYS COURTHOUSE-TRAILER F | 14400 W DELANO ST, VAN NUYS 91401 | 11,037 | 6,470 | OWNED | NONE |
| 5858 | PH-PACOIMA PUBLIC HEALTH CENTER | 13300 VAN NUYS BLVD, PACOIMA 91331 | 5,404 | 3,098 | OWNED | NONE |
| A608 | BOS/DPW ET AL-ONE STOP SHOP (VARIOUS DEPTS) | 26600 AGOURA RD, CALABASAS 91302 | 10,346 | 9,829 | LEASED | NONE |
| 6247 | WHITEMAN AIRPORT-ADMIN BLDG | 12653 OSBORNE ST, PACOIMA 91331 | 4,657 | 3,795 | OWNED | NONE |
| A502 | PH-CHILDREN'S MEDICAL SVCS CTR (FOOTHILL CTR) | 12502 VAN NUYS BLVD, PACOIMA 91331 | 6,664 | 5,577 | LEASED | NONE |

FACILITY LOCATION POLICY ANALYSIS

Proposed lease renewal: Eight-year lease amendment for the Departments of Children and Family Services and Mental Health – 20151 Nordhoff Street, Chatsworth – 3rd District. There is a County cancellation right at the 60th, 72nd, and 84th months.

A. Establish Service Function Category – Regional and local public service function.

B. Determination of the Service Area –The proposed lease renewal amendment will allow DCFS and DMH to continue to provide the West Valley regional office and West Valley Mental Health Center centrally located to this Service Planning Area 2.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DCFS and DMH programs are most effective when located in the same geographic area as their consumers, providers and stakeholders. This location meets the service area criteria and remains in the desired area.
- Need for proximity to existing County facilities: It is DCFS and DMH's desire to collaborate with County Department partners, such as the Departments of Public Social Services whenever possible. The subject facility is located within five miles of other offices housing Departments of Mental Health, Public Social Services, Child Support Services, and the Sheriff's Department.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services including bus service and the Metro Orange line serving the west San Fernando Valley. A bus stop is located at the entrance of the proposed facility.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A

- Availability and compatibility of existing buildings: Although there is County-owned space at 14545 Lanark Street, Panorama City, it does not meet the Department's needs to service clients within Service Planning Area 2 because it is nine miles east of the Chatsworth location.
- Compatibility with local land use plans: The Department of Public Works inspected the facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.
- Estimated acquisition/construction and ongoing operational costs: The initial maximum annual rent is \$2,508,156. Rental costs for the Department of Children and Family Services are approximately 78 percent funded by State and federal funds and costs for the Department of Mental Health are fully funded by State and federal funding sources.

D. Analyze results and identify location alternatives

Based upon the space and service needs of DCFS and DMH, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based upon a review of available industry data, staff has established that the annual rental range for similar space is between \$18 and \$35 per square foot per year on a modified-gross basis, i.e., excluding utilities. Thus, the base annual rent of \$22.20 per square foot per year modified-gross, including parking, for the proposed lease amendment represents a rate within the market range for the area.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria

The renewal of the subject lease amendment for DCFS and DMH will provide adequate office space for their employees and efficient space for on-site service to clients, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. The cost of comparable sites was higher per square foot and would require additional tenant improvements that would drive the rent up further.

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made as of this June 14 day of June, 2016, by and between **NORDHOFF NET, LLC**, having an office at 9320 Wilshire Boulevard, Suite 300, Beverly Hills, CA 90212 (the "Landlord") and **COUNTY OF LOS ANGELES**, a body politic and corporate (the "Tenant").

RECITALS:

WHEREAS, Landlord and Tenant entered into that certain lease agreement dated October 17, 2006 (the "Original Lease") for certain premises currently known as 20151 Nordhoff Street, Chatsworth, CA, comprised of approximately 73,595 square feet (the "Original Premises");

WHEREAS, the term of the Original Lease expired on May 31, 2012; and Tenant exercised its option to renew the Original Lease for another two years, and continues to occupy the Original Premises in month-to-month holdover status; and

WHEREAS, the parties hereto desire to extend the term of the Lease and modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree to the following amended terms and conditions:

AGREEMENT:

1. **USE.** The Premises, together with all appurtenances belonging to, or in any wise appertaining, shall be used as governmental office space as well as outpatient mental services to children, youth and their families, including but not limited to services related to assessment, treatment, psychological testing including evaluation and case management, and possible administering of medication, or for other governmental purpose as needed.
2. **TENANT IMPROVEMENTS.** Landlord and Tenant desire to alter the Original Premises to create an adjacent clinic and office space ("Improvement Premises"). The Original Premises and Improvement Premises shall collectively be referred to as the "Premises."
3. **TERM.** The term for the Improvement Premises and the extended term for the Original Premises ("Extended Term") shall be ninety-six (96) months, commencing on the New Commencement Date and expiring on the New Expiration Date, as those dates are defined hereinafter.
4. **COMMENCEMENT DATE.** The commencement date for the Extended Term ("New Commencement Date") shall be the date that Landlord has completed all of Landlord's Work to the Improvement Premises and any modifications provided herein to the Original Premises. Upon either parties' request, made after the New Commencement Date has occurred, the parties shall confirm in writing the actual New Commencement Date.
5. **EXPIRATION DATE.** The expiration date for the Expiration Term ("New Expiration Date") shall be the date that is ninety-six (96) months after the New Commencement Date at the request of either party, the parties shall execute a memorandum to confirm in writing the actual New Commencement Date.

6. **BASE RENT.** Tenant shall pay to Landlord, during the first year of the Extended Term, Base Rent in the amount of One Hundred Thirty-six Thousand One Hundred Fifty and 75/100 Dollars (\$136,150.75 i.e. \$1.85 per square foot per month), without any off-set or deduction, prior notice or demand, which shall be payable on the first (1st) day of each calendar month. Tenant shall continue to pay the existing Base Rent for the Original Premises pursuant to the original Lease until the New Commencement Date, such Base Rent to be prorated for any partial month during which the New Commencement Date occurs.
7. **ANNUAL INCREASES.** If the Consumer Price Index ("CPI") on any Adjustment Date (which term shall mean the first day of the month every year in which the anniversary of the Extended Term Commencement Date falls) shall be greater than the CPI in effect on the New Commencement Date, the Base Rent shall be adjusted, upwards only, by adding to the Base Rent an amount ("CPI Escalation Amount") equal to the product obtained by multiplying the Base Rent by the increase in the CPI from the New Commencement Date through the Adjustment Date. For purposes hereof, the CPI in effect on the New Commencement Date and on any Adjustment Date shall be determined on the basis of the CPI for the second calendar month preceding the months in which the New Commencement Date and Adjustment Date fall. The CPI shall mean the Consumer Price Index for All Urban Consumers, All Items, Los Angeles-Anaheim-Riverside County, CA 1982-84=100, published by the United States Department of Labor, Bureau of Labor Statistics ("Bureau"). If such index is discontinued or revised, Landlord shall substitute a comparable index which shall produce a result which is comparable to the result which would have been produced had such index not been discontinued. In no event shall the monthly Base Rent adjustment based upon the CPI formula result in an annual increase greater than three percent (3%) per year of the Base Rent. In no event shall the rent be reduced as a result of any change in the CPI.
8. **CONDITION OF PREMISES.** Prior to the New Commencement Date, Landlord shall complete Landlord's Work (as defined below). Within a commercially reasonable period of time after Landlord's approval of the plans and specifications for the Improvements (as defined herein), Landlord shall commence and complete Landlord's Work and shall pay for the costs of the same up to a maximum cost of the Base Tenant Improvement Allowance and Additional Tenant Improvement Allowance. Any costs in excess of the Base Tenant Improvement Allowance and Additional Tenant Improvement Allowance shall be paid by Tenant. The "Landlord's Work" shall mean, collectively, certain improvements, alterations and/or additions to the Premises to be constructed pursuant to and in accordance with plans and specifications prepared by Landlord's Architect and submitted to and approved by Landlord and Tenant. Tenant shall give such approval or disapproval within ten (10) days of receipt of the plans. Any disapproval shall be accompanied by a reasonably detailed explanation of the reason for such disapproval. Landlord acknowledges that the Landlord's Work may include, without limitation, the purchase of new furniture, fixtures and equipment for the Premises. The Landlord's Work shall be performed by and under the authority of Landlord, or its authorized agent, and approved by a designated representative of the Chief Executive Office (which approval shall not be unreasonably withheld, conditioned or delayed). For purposes of the Lease, the Expansion Space shall be in ready for occupancy condition upon "Substantial Completion of the Premises", that term defined as occurring upon the completion of Landlord's Work with the exception of any punch list items and any furniture, fixture and equipment.

Any improvements shall be in compliance with all applicable laws, codes, and ordinances, including but not limited to the Americans with Disabilities Act (ADA).

9. **BASE TENANT IMPROVEMENT ALLOWANCE.** The Base Tenant Improvement Allowance for build out of the Premises shall be One Million Four Hundred Seventy-One Thousand Nine Hundred Dollars (\$1,471,900).

- 10. ADDITIONAL TENANT IMPROVEMENT ALLOWANCE.** The Additional Tenant Improvement Allowance for build out of the Premises shall be Three Million Six Hundred Seventy-Nine Thousand Seven Hundred Fifty Dollars (\$3,679,750). Tenant, at its sole discretion, may use all, part or none of the Additional Tenant Improvement Allowance. Any unused part of the Additional Tenant Improvement Allowance shall be paid to Tenant upon final completion of the Landlord's Work.
- 11. AMORTIZATION RATE.** The Additional Tenant Improvement Allowance shall be repaid by Tenant on the first day of each month of the Extended Term together with interest at seven percent (7%) per annum amortized over the first 60 months of the Extended Term. Tenant may pay off the balance in full at any time with no pre-payment penalty.
- 12. EARLY TERMINATION RIGHT.** Tenant shall have the right to terminate the Lease 60th, 72nd and 84th month anniversaries of the New Commencement Date, provided Tenant provides not less than 180-day written notice to Landlord (the "Termination Notice") electing to terminate the Lease, per the terms Section 4(d) (Early Termination) of the Original Lease.
- 13. PARKING.** Tenant hereby acknowledges that Landlord is currently in compliance with the parking requirements contained in the Lease.
- 14. BROKER.** Landlord and Tenant hereby represent and warrant to one another that they have not engaged or otherwise dealt with any broker, finder or like agent who or which might be entitled to a commission in connection with the execution of this Amendment and/or the extension of the term of the Lease. Landlord and Tenant shall each indemnify, defend and hold harmless the other from and against any claims, and any and all loss, cost, damage, liability or expense incurred in connection with any claim by a broker, finder or like agent who or which alleges to have dealt with the indemnifying party in connection with the execution of this Agreement and/or the extension of the Lease.
- 15. INDEMNIFICATION.** Section 18(a), "Tenant's Indemnity" is hereby amended by inserting the words "agents, contractors or invitees" after the word "employees" in the fourth (4th) line of said section.
- 16. MISCELLANEOUS.**
- (a) Tenant agrees and acknowledges that the Premises remain acceptable for Tenant's use, and Tenant acknowledges that neither Landlord nor any broker or agent has made any representations or warranties in connection with the physical condition of the Premises or their fitness for Tenant's use upon which Tenant has relied directly or indirectly for any purpose. Tenant has no broker representation in connection with this Amendment.
 - (b) Tenant hereby represents and warrants to Landlord that the Lease as amended hereby constitutes a valid and binding obligation of Tenant, enforceable against Tenant in accordance with their terms, and Tenant has no defenses, offsets or counterclaims with respect to its obligations thereunder. Tenant also represents and warrants that there is no existing Default on the part of the Landlord or the Tenant in any of the terms and conditions of the Lease and no event has occurred which, with the passing of time or giving of notice or both, would constitute a Default under the Lease by Landlord or Tenant.
 - (c) Except as modified by this Amendment, the Lease and all of the covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified

and confirmed. The covenants, agreements, terms and conditions contained in this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

- (d) Initially capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to them in the Original Lease.
- (e) This Amendment and the Original Lease shall be construed to constitute a single integrated document (collectively, "Lease"). This Lease contains the entire agreement between the parties. The Lease may be amended only by a written instrument signed by and delivered to all of the parties.
- (f) This Amendment may be executed in any number of counterparts, all of which together shall be deemed to constitute one instrument, and each of which shall be deemed an original.

IN WITNESS WHEREOF, this Lease has been executed the day and year first above set forth

LANDLORD:

NORDHOFF-NET, LLC



Ronald Simms

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: 

HILDA L. SOLIS
Chair, Board of Supervisors

ATTEST:

LORI GLASGOW
Executive Officer-Clerk
of the Board of Supervisors

By: 

Deputy

AUG 16 2016



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

LORI GLASGOW
Executive Officer
Clerk of the Board of Supervisors

By: 

Deputy

Deputy

AUG 16 2016

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: 


Deputy

Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20

AUG 16 2016



LORI GLASGOW
EXECUTIVE OFFICER

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Supplement No. 1